

IT'S YOUR BUSINESS

November 2011

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FISCAL YEAR '12 OFF TO SOLID START

Even without a boost from Recovery or Jobs Act provisions for the first time in two years, the Nebraska District Office still saw solid activity across the state as Fiscal Year 2012 began.

As of Oct. 28, small businesses received 37 loan approvals for nearly \$8 million in volume, directly creating 175 new jobs and ensuring 250 jobs remain on payrolls.

Forty-three percent of those loan approvals went to

new businesses, including a sports grill in Bellevue, a self-storage outlet in Lincoln and an embroidery and screen printing company in North Platte. Normally, new businesses capture a third to 40 percent of loan volume.

"Business is good," District Director Leon Milobar said in an Oct. 22 interview on KFAB-AM's *Grow Omaha*. "I think it shows an overall confidence in the economy. We've got good labor participation, low unemployment, I think there

is enough money in terms of people doing business. We're still seeing expansion."

Related, the number of SBA disaster loans recently speaks to the help offered by the agency to those stricken by the devastating Missouri River flooding this summer.

Since Sept. 1, \$3.17 million has been loaned to 59 homeowners and businesses. Four of those loans were for economic injury suffered by a business as a result of flood damage.

504 DEAL CRUCIAL IN FINANCING CONSTRUCTION

CENTRAL CITY TO GET NEW EATERY—JOBS, TOO

It's an old-fashioned downtown, with a few eateries crowded along with some storefronts and clapboard houses as U.S. Route 30 winds through this town of about 3,000 people. But for hungry folks in Central City, a town about 25 miles north of Grand Island, they're about to get a choice in dining few in the wider area enjoy.

That's because restaurant developer Todd Carpenter is building a new Subway/Taco Del Mar franchise here; in the process, he'll create another six to eight jobs.

"By having this new concept branded with the Subway store, by doubling our parking lot, adding a drive through, adding seating, hopefully we will increase business," Carpenter said.

While the Taco Del Mar brand got its start a couple of decades ago in the Pacific Northwest, the franchise grew

too fast and went bankrupt last year. The founders of Subway stepped in, purchased the business, and opened up a new development opportunity.

Carpenter's territory includes about 80 percent of the counties in Nebraska and South Dakota, and over the past 20 years he's led the development of 158 Subway franchises in his area. While working for his first partner shortly after graduating high school in Gering, he noticed the growth of Subway shops in Colorado and was eager to bring the restaurants to this state. Two years later, after taking his college savings, some cash from his grandfather, and a bank loan, Carpenter and his partner opened their first franchise in late 1989.

But Carpenter does more than negotiate the franchise agreements and lease for the

restaurants and hand the keys over. He offers on-going support and operational guidance to make certain the franchisee succeeds in the marketplace. That's why he's sure the new joint restaurant concept will succeed.

"Taco Del Mar stores had failed in other parts of the state," Carpenter admitted, "They lacked buying power to support the brand and cost of doing business was prohibitive. People liked the food and the customers were passionate, eating there sometimes two or three times a week, but the cost of goods were too high." That's where Subway's buying power will let the venture compete with other brands in the crowded fast food category.

Carpenter partnered with a local couple, Jake and Amy Kleeb, who will own 50 percent of the Central City (see *SUBWAY*, page 4)

REGION 7 ADMINISTRATOR HOSTS AT DISTRICT OFFICE

LOCAL COMPANIES OFFER WHITE HOUSE CANDID FEEDBACK ON SMALL BUSINESS CHALLENGES DURING SBA ROUNDTABLE

Area small business owners brought their insight on the challenges in the marketplace directly to the President in a candid discussion Oct. 27 at a White House Business Council Roundtable at the Nebraska District SBA Office.

The roundtable is one in a series of outreach efforts across the country by the U.S. Small Business Administration, and one of six in the SBA Region 7 four-state area of Kansas, Nebraska, Missouri and Iowa, to seek direct input from business owners on ways the federal government can improve economic conditions and help small firms create jobs.

Patricia Brown-Dixon, the Region 7 SBA Administrator, who oversees the SBA district offices in Nebraska, Missouri, Kansas and Iowa, hosted seven business owners from around Omaha and SBA resource partner representatives, including the state director of the Nebraska Business Development Center and the chairman of the Omaha chapter of SCORE, to contribute at the Roundtable. Part of the dialogue of the Roundtable, which was closed to the press to protect private comments small business owners did not want released, follow:

"Your feedback goes directly to the executive office of the President, so tell me what you would tell the President of the United States," Brown-Dixon told the small business owners.

Brown-Dixon explained the provisions of the recently proposed American Jobs Act, elements of which are now winding their way through Congress as individual pieces

of legislation. The Act and its federal legislative pieces include \$247.7 million proposed for Nebraska highway and transit modernization, supporting 3,200 jobs across the state; a potential payroll tax holiday to help small businesses create more jobs; and various incentives like tax reductions for offering raises to current employees and hiring returning veterans, disabled veterans and those on seeking a job over two years.

Dr. Bennett Achigbu, president of BMAKK, an Omaha waste management firm, asked whether the federal government could extend the time limit past nine years that small, disadvantaged firms can spend in the SBA's 8(a) program. SBA's 8(a) Business Development Program provides specialized business training, counseling, marketing and technical assistance to small businesses to help those companies compete for contracts and in the federal marketplace.

Achigbu said in some cases his firm has waited three months for payment from the federal government and praised the immediate help that was provided for prime federal contractors - a recent Executive Order by the President, reducing federal agency payment times on contracts to 15 days - a boon to struggling small businesses.

"Overall, I owe my whole business success to the SBA," Achigbu said. "Over the last five years I've gone from zero to \$12 million a year. That's a testament of your small business programs."

"Ho-Chunk, Inc is not only charged with providing jobs, but we must also train our tribal members and build an economy and homes within our community," said Sharon Frenchman, CAO for Ho-Chunk, Inc. "We're changing people's mindsets so they value an education and the idea that they can actually obtain a college degree."

During the roundtable, she recounted a success story for the SBA's 8(a) program about the Winnebago tribe of Nebraska, where the Ho-Chunk, Inc., the economic development corporation for the Winnebago Tribe, has led the way to reduce unemployment on the northeast Nebraska reservation from 80 percent to around 20 percent in 15 years.

Frenchman pleaded for the Administration and Congress to, "Stop putting limitations on us, and caps on the amount of contracts tribally-owned firms can get, we are utilizing the revenue from federal contracts to build our community and provide jobs."

Tommy Garrett, president and CEO of The Garrett Group, an up-and-coming Bellevue technology firm, objected to the recent federal trend of "insourcing" - a term that refers to taking tasks previously given to federal contractors and giving the responsibilities back to civil service positions.

He also asked why the government is not utilizing [OMB Circular A-76](#) a regulation which determines whether private companies or government resources should be used for particular jobs. "We need to put some

"I'm thankful for the SBA," Lucky Bucket and Solas Distillery president said, crediting aspects of Recovery Act signed by President Obama in Feb. 2009, which called for a higher loan guarantee and waiver of usual fees on loans paid by borrowers.

"Without them, we wouldn't have a business. And we got a whole big fermentation vessel because we didn't have to pay the fee,"

Region 7 Administrator Patricia Brown-Dixon addresses a group of business owners during the White House Business Council Roundtable Oct. 27.

Around the table from left are: Tommy Garrett, president and CEO of The Garrett Group; Joel Merriman, vice president of strategic alliances for CSSS.Net (*obscured*); Zac Triemert, president of Lucky Bucket and Solas Distillery; Karen and Mark Carson, owners of Fat Brain Toys; Sharon Frenchman, director of administration and human resources for Ho-Chunk, Inc.; Felicia Rogers, constituent services representative for Rep. Lee Terry (R-2nd District); Dr. Robert Bernier, assistant dean, business administration, University of Nebraska at Omaha; Dr. Bennett Achigbu, president of BMAKK; Louise Latimer, staff assistant, Sen. Ben Nelson (*obscured*); Rebecca Greenwald, Region 7 Advocate; Rich Howdle, The Sixth Man (*obscured*); and Lee Pankowski, owner, LP Custodial.



ROUNDTABLE EVENT GENERATES DISCUSSION

intellectual rigor into these insourcing decisions and do what's best for the country."

Garrett said he was confident if the government did A-76 studies and used small businesses in its comparisons the federal government would stop insourcing.

"The government needs to do the right thing," he said.

Garrett also pointed out that there is a huge unfunded liability for the government civilian workforce retirement program, currently claimed to be \$5.7 trillion and that the government loses tax revenues the companies would otherwise paying for their employees whose jobs are eliminated.

Joel Merriman, vice president of strategic alliances for CSSS.Net of Bellevue, sought an answer to the problem of growing unemployment among veterans of missions in Iraq and Afghanistan.

"We need to teach them new trades, especially in

renewable energy; I'm talking about a cultural change leveraging technology and creating jobs. You want to create jobs, bring back tradecraft," Merriman offered as a solution to the problem.

Merriman also wanted the President to make goals for small businesses set asides a requirement of federal agencies, noting, "Federal agencies have goals to set aside contracts to small businesses, but they're not requirement."

Zac Triemert, the president of Lucky Bucket Brewing Company and Solas Distillery, voiced his appreciation for the SBA-backed financing his business received over the past couple of years which he said has sparked the phenomenal growth of his company.

"I'm thankful for the SBA," Triemert said, crediting aspects of Recovery Act signed by President Obama in Feb. 2009, which called for a higher loan guarantee and waiver of usual fees on loans

paid by borrowers.

"Without them, we wouldn't have a business. And we got a whole big fermentation vessel because we didn't have to pay the fee," he said.

In speaking to the provisions of the proposed American Jobs Act, Triemert commented about possible paperwork that might be involved for small businesses to access elements of the American Jobs Act or its legislation in Congress.

"You know, we hear about these programs and they sound great, but there are so many hoops to jump through, by the end of the day it falls off our radar ... the growth that we've been fortunate enough to have also leaves us understaffed and forced to make priorities," Triemert said.

Garrett wanted the President to know overall: "In this fiscally constrained time, we need to do things smarter, we need to do things more cost effectively to put people back to work."

"I want more commercial entities aware of what we offer. If we can get it out there that we use the SBA guarantee, I'm sure we will have more businesses applying for them and using this opportunity."

Archer Cooperative Credit Union lender Dustin Meyer

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LENDER RELATIONS HELPS 504 DEAL

(from SUBWAY, page 1)
restaurant, and Amy will serve as the operating partner.

But to finance the land purchase and build the new restaurant with his partners, Carpenter sat down with Dustin Meyer at Archer Cooperative Credit Union, a small lender with four rural central Nebraska locations. The credit union had never made an SBA loan before, but Meyer would turn to the 504 program to close the deal.

"We do a lot of commercial deals in Central City, mostly agriculture entities," Meyer said. "We're a \$54 million credit union, and 70 to 80 percent of our business is commercial because of the farming industry."

Meyer would need help navigating the process of the 504 loan guarantee, and

Mike Marsh, a lender relations specialist with the Nebraska District Office, made a face-to-face visit to Archer in April. The bank offered 50 percent of the loan; the SBA, through Lincoln-based NEDCO, a Certified Development Corporation (CDC), would provide another 40 percent through the bond market; Carpenter's development company would handle 10 percent in a down payment. Most important for Archer's bottom line—the credit union would have the first lien position on the property, significantly reducing its risk.

"Mike was happy to come out and tell us how it all worked," Meyer added. "We got this big list of stuff to do, background research on all of the partners, both personally and financially. But Mike at

the SBA, and Jason (Herlitzke, vice-president of lending at the CDC) were very helpful. Would the deal have happened without the SBA's help? Not nearly as quickly. It would have been a lot more legwork if he hadn't come out to talk with us—and there's a possibility we wouldn't have done the deal because we didn't know how simple it could be working with the SBA and NEDCO."

As a result, the Subway/Taco Del Mar franchise was approved Aug. 23 for \$156,000 for the portion of SBA-guaranteed funds.

"I think using the SBA is a very good starting point for growth for our credit union," Meyer said. "I want more commercial entities aware of what we offer. If we can get it out there that we use the SBA (see SUBWAY, page 3)



Restaurant developer Todd Carpenter and franchise owner Amy Kleeb pose in front of the Subway/Taco Del Mar building under construction with the nearby Central City water tower in the background. The new restaurant is expected to bring six to eight new jobs to town.

(from SUBWAY, page 4) guarantee, I'm sure we will have more businesses applying for them and using this opportunity."

And the structure of the SBA's 504 financing was crucial for the developer.

"With traditional bank financing," Carpenter said, "we couldn't have come up with the 30 to 35 percent down to acquire the land and build the building. With the low interest rate, the cash flow for the business makes good economic sense."

Meyer added the Subway/

Taco Del Mar restaurant will be a great addition to the community.

"The lot they bought was in between two existing restaurants, replacing an old house from 1910 that was falling in on itself," the lender said. "There's been some money from the city for beautification of the highway frontage. It's looking a lot better now."

The only other places for people craving Mexican food are a long drive off in Grand Island or almost an hour away in Columbus.

"What I'm passionate about as a developer is providing great opportunities for these franchisees to build their future," Carpenter said. "Like Amy, for example. She started out as a store manager, and she borrowed money, dug into her savings and got into ownership. As I've helped Subway grow, and helped people who leveraged their savings, it's been a blessing that the government has continued to help small business people expand. SBA programs are wonderful in that sense."

WE'VE GOT NEWS ON THE 504 REFINANCING CHANGES

The SBA has loosened its rules on a program that allows small firms that own commercial real estate to refinance their mortgages through the 504 program.

Under the new rules, small businesses can use 504 refinancing to turn real estate equity into working capital for their businesses. If additional equity exists in the property, the business can use that equity for permanent working capital. That could come in handy for small businesses that saw their lines of credit shrink following the financial crisis of 2008.

The lender is no longer required to provide a loan on 50% of appraised value. Your loan now must at least be as much as the 504 loan. So this may be attractive to your small business customers with high interest rates or impending balloon payments.

To learn more about the regulatory changes affecting the definition of qualified debt, the financing of business expenses, and the Third Party Loan contribution, as well as the use of an Interim Lender or escrow account, view the attached Policy Notice.

As always, if you need more details, give us a call, we'll be happy to go over it in more depth.

Mike Niehaus	(402) 221-7210
Deb Wilson	(402) 221-7222
Suzanne Stearman	(402) 221-7208
Mike Marsh	(402) 221-7216

We're standing by to help you get that approval for your SBA guarantee.

DON'T MISS OUT ON OMAHA'S PREMIER NETWORKING EVENT

Join other Omaha small businesses and area lenders at Omaha's Small Business Empowerment Breakfast.

The next event is scheduled for Nov. 11 from 7-8:30 a.m. at the Regency Lodge, 909 South 107th Avenue, Omaha. The cost is \$15 per person, which includes a full buffet breakfast. Please register in advance [online](#), and make checks payable to Regency Lodge.

The Empowerment Breakfast is simple and effective. Each month, four businesses introduce their services and

omaha empowerment breakfast

products in a three-minute presentation. If you wish to be a presenter, please call Barb Foster at 221-7212.

During this event, everyone attending is introduced, so bring your business cards, make some contacts, and have some fun!

Don't miss this free workshop:

"Experts Discuss: Learn About the Government As Your Customer"

Winning Federal Contracts for Your Small Business

November 17

8:30-10 a.m.

SBA Nebraska District Office & SCORE

10675 Bedford Avenue, Suite 100, Omaha

Speakers include representatives from:

- SBA Office of Government Contracting
- SBA Office of Business Opportunity
- NBDC Procurement Technical Assistance Center
- In cooperation with
- 55th Contracting Squadron, Offutt Air Force Base
- U.S. Army Corps of Engineers, Omaha District

To register:

Call: [Kathleen Piper](#) (402) 221-7205 or [Michael Foutch](#) at (402) 221-7211

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An overview of selling to Local, State and Federal government

What to do: Registration on [Central Contractor Registration](#).

Where and how to find bidding opportunities on the Internet: Learn about [Federal Business Opportunities](#).

U.S. Small Business Administration certifications: HUBZone and 8(a) Business Development.

Coffee provided.

CONGRATULATIONS TO OUR RECENT LOAN APPROVALS (October 1 to October 28)

Approval Date	Major Program	City	Gross Amount	Lender Name	Created Jobs	Jobs Kept	Delivery Method
10/3/2011	7A	OMAHA	10000	U.S. BANK NATIONAL ASSOCIATION	1	2	SBA Express
10/3/2011	7A	Gretna	75000	CENTENNIAL BANK	0	15	RLA
10/3/2011	7A	OMAHA	28000	CENTRIS FCU	8	11	Patriot Express
10/3/2011	7A	OMAHA	22000	CENTRIS FCU	8	11	Patriot Express
10/4/2011	7A	Lincoln	280800	FIRST PREMIER BANK	20	1	RLA
10/4/2011	7A	Norfolk	60400	CITIZENS STATE BANK	0	3	RLA
10/5/2011	7A	OMAHA	1144700	WELLS FARGO BANK NATL ASSOC	2	5	PLP
10/5/2011	7A	LINCOLN	50000	UNION BANK AND TRUST COMPANY	3	3	SBA Express
10/6/2011	7A	OMAHA	95000	SECURITY NATL BK OF OMAHA	10	0	SBA Express
10/6/2011	504	Lincoln	250000	COMMUNITY DEVEL RESOURCES	0	18	504
10/6/2011	7A	Holdrege	540000	FIRST NATL BK OF HOLDREGE	1	5	Other 7(a)
10/7/2011	7A	Omaha	250000	CROSSFIRST BANK	3	2	SBA Express
10/11/2011	504	Gering	199000	NEBRASKA ECONOMIC DEVEL CORP	8	0	504
10/11/2011	7A	LINCOLN	33000	CORNHUSKER BANK	0	4	SBA Express
10/12/2011	504	Omaha	310000	NEBRASKA ECONOMIC DEVEL CORP	10	0	504
10/12/2011	7A	Omaha	390000	NORTHWEST BANK	0	11	Other 7(a)
10/12/2011	7A	Lincoln	46000	FIRST STATE BANK	4	1	RLA
10/12/2011	7A	BELLEVUE	25000	CENTRIS FCU	2	5	SBA Express
10/13/2011	7A	Columbus	58000	PINNACLE BANK	12	12	RLA
10/14/2011	7A	Lincoln	108000	FIRST STATE BANK	1	1	RLA
10/14/2011	7A	NORTH PLATTE	50000	ADAMS BANK & TRUST	0	2	SBA Express
10/18/2011	7A	Hemingford	86000	PLATTE VALLEY BANK	0	1	RLA
10/20/2011	7A	Omaha	66900	WELLS FARGO BANK NATL ASSOC	0	2	Other 7(a)
10/21/2011	7A	LINCOLN	60000	CORNHUSKER BANK	0	12	SBA Express
10/24/2011	7A	Lincoln	50700	FIRST STATE BANK	24	24	RLA
10/24/2011	7A	Lincoln	225400	FIRST STATE BANK	1	1	RLA
10/25/2011	7A	BRADY	350000	FIRST STATE BANK	0	6	SBA Express
10/25/2011	7A	Omaha	100000	CENTRIS FCU	0	2	Other 7(a)
10/25/2011	7A	Omaha	147500	TWO RIVERS BANK	11	1	RLA
10/26/2011	504	Bellevue	542000	NEBRASKA ECONOMIC DEVEL CORP	9	0	504
10/26/2011	504	Omaha	759000	NEBRASKA ECONOMIC DEVEL CORP	12	0	504
10/26/2011	7A	Omaha	660000	MUTUAL OF OMAHA BANK	0	0	PLP
10/26/2011	7A	O'Neill	200000	UMB BANK, N.A.	0	70	PLP
10/28/2011	7A	NORFOLK	75000	BANKFIRST	0	4	SBA Express

In Fiscal 2011, the Nebraska District Office saw 530 loan approvals, or 86.3 percent of the total loans of its best year ever recorded (2005, when the state had 614 approvals). Only one other district office in the nation came closer to reaching its best year ever in loan approvals: Madison, Wisc.